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INTELLIGENCE REPORT

COUNTRY Austria

SUBJECT Current Financial

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SUPPLEMENT

1. The Central Administration for German Property in Occupied Areas in Moscow, which directs USIVA activities, has announced that it will deliver to USIVA raw materials and necessary machinery only against payment in dollars. Moreover, it asks that the net profits of USIVA be delivered to the USSR only in dollars. Major General Baricov and Colonel Dykhomirov flew to Moscow on 21 August 1947 to discuss the USIVA situation and are expected to return within a week with decisions on major questions of policy.
2. The above-mentioned financial directive has placed USIVA in an awkward position. USIVA is unable to obtain the desired foreign exchange in Austria. In future, USIVA will consummate only such schilling sales in Austria as are necessary to purchase needed raw materials and finished goods available in Austria. Existing compensation agreements between USIVA and the Soviet administrations of German assets in other occupied countries provide no solution in the form of dollars.
3. Because of pressure from Moscow, USIVA is now taking great pains to establish trade relations which will provide foreign exchange in hard currencies. In effect, Switzerland is the only possibility immediately at hand. USIVA has made offers to Swiss firms and has concluded some individual agreements but has run into difficulties before final consummation. The Swiss require an Ursprungszeugnis (certificate of origin) for goods imported into Switzerland. USIVA is not in a position to provide such a certificate, and as a result some shipments have been turned back by the Swiss.
4. USIVA then tried the indirect method. Certain export goods were sent to Czechoslovakia and sold to Switzerland through Czechoslovakia, but a new difficulty developed here. Czechoslovakia has a clearing agreement with Switzerland. All foreign exchange transactions must go through the Czech National Bank. USIVA cannot freely control this foreign exchange. The second difficulty is that the Czechs mark USIVA products passing through Czechoslovakia as transit goods. Oil from Zistersdorf marked for Switzerland was thus marked and the Swiss accepted it only after great difficulties because the certificate of origin was lacking.

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5. USIVA has recently tried to put pressure on Czechoslovakia to provide false certificates of origin and to conclude an agreement between the Czech National Bank and USIVA which will be favorable in terms of USIVA's acquiring the needed foreign exchange. Until now, these tactics have proved unsuccessful.
6. A new strategy is to be started in Austria shortly. USIVA will request the Austrian Government to legalize USIVA shipments to Switzerland by procuring export licenses from the Ministry for Trade and Reconstruction and a favorable foreign exchange clearing agreement with the Austrian National Bank.

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7. With regard to further requisitioning, ^{25X1A} [REDACTED] the Soviets are concerned over the strong protest made by the Americans and British in the Lobau refinery case. A decision has been made to suspend the planned requisitioning of certain Creditanstalt holdings until the furor dies down. Further seizures are definitely on the calendar for a later date. ^{25X1A} [REDACTED] Comment: In a Treaty Commission hearing, Noviko announced a week ago that the Soviets considered over 40% of the Creditanstalt as belonging to the German assets category.)

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